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SUBJECT: GOK INDUSTRY HEAD SAYS IMPORT INSPECTION CONTRACT
CANCELED; TALKS UP POSSIBLE INDUSTRIAL PARK, JOINT-VENTURES

11. On June 28, CDA met with Public Authority for Industry (PAI) Director General Dr. Mirza Hasan to discuss potential investments by U.S. firms in Kuwait. Hasan described plans for an industrial park of "a couple of million square meters" that would focus on research and development in fuel cells, biotechnology, and water resource management. He stressed that Kuwait's abundance of cheap energy could serve as feedstock for industrial projects, and that a GOK-owned company with \$700 million in capital is ready to partner with a U.S. firm in a joint-venture. Hasan said the project would aim for a Kuwaiti labor force, but admitted that third-country national labor would also be needed. CDA referred Hasan to the American Business Council to gauge potential investor interest, and Post's FCS section will follow-up as appropriate.

12. CDA asked Hasan about various issues affecting the investment climate for foreign firms in Kuwait, including taxation and the cumbersome Conformity Assessment Scheme (CAS) import pre-inspection regime. Hasan agreed that the tax law's implementation has been arbitrary and is a barrier to investment. Regarding the CAS, which falls under the purview of the PAI, Hasan said "sees the U.S.'s point" about it being a barrier to trade, and that he had "canceled the contract" with the administering company.

13. Bio note: Dr. Mirza Hasan was appointed as Director General of the PAI in April 2006. He previously served as Director of Kuwait's Information Office in Washington, DC from 2001-2005. He is in his mid-50's and speaks excellent English.

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